

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the Matter of)	
)	
Federal-State Joint Board)	CC Docket No. 96-45
On Universal Service)	
)	FCC 03J-1
Seeks Comment on Certain of the)	
Commission's Rules Relating to High-Cost)	
Universal Service Support and the ETC)	
Designation Process)	

Comments of the Montana Telecommunications Association

Introduction

This Notice raises some of the most critical issues directly affecting the viability of affordable, quality telecommunications in rural America that the Commission is likely to address. Competition and competitive neutrality are at the core of the issues addressed herein. MTA believes that current federal policy is skewed in favor of competition and competitive telecommunications providers, to the detriment of the Telecommunication Act's co-equal policy of ensuring access to affordable and comparable telecommunications services by rural consumers through the advancement and promotion of universal service.

State of Competition in Montana

The availability of competitive services in Montana and elsewhere in the U.S. is pervasive. But the viability of a fundamental level of universal service provided by carriers of last resort to rural consumers is threatened.

A variety of competitive local exchange companies (CLECs) currently operate in Montana. Competitive services are provided by Montana's incumbent local exchange companies, and by independent CLECs in a significant number of Montana's more densely populated communities.¹ In addition to CLECs, wireless carriers provide

¹ It is important to note that "more densely populated communities" is a relative term. Montana's independent LECs serve an average of less than three access lines per mile. Montana's largest "city," Billings, has a population of 100,000. The entire population of Montana, the nation's fourth largest state geographically—with over 145,000 square miles—is less than one million. The population density is less than seven people per square mile. Yet, CLECs are providing services in Billings, Bozeman, Conrad, Glendive, Great Falls, Helena, Miles City, Missoula, Terry, Shelby, Sidney, Wibaux, among other communities.

service to much of the state's population.² Further, there is some evidence that some consumers are using the Internet to access VOIP telecommunications services.

It is difficult to determine with accuracy the extent to which the existence of such competitive services constitutes line growth or substitution of existing services. Parenthetically, the difficulty in determining the extent of competitive services, whether they constitute substitution or complementary service, is testimony to the vitality of the competitive market. There is no central depository for such data. Nor are competitors necessarily willing to share such data with one another.

Nonetheless, anecdotal evidence appears to indicate that there is little if any net line growth in Montana. First, the state's population is relatively static. The 2000 U.S. Census indicated that Montana's population grew by fewer than 100,000 in the preceding ten years. Second, our evidence indicates that CLEC line growth is mostly a substitute for incumbent service. A possible exception may be found in new housing developments. However even in this case, new housing often represents a shift of current population from one location to another, rather than an infusion of new residents (lines) into the state. With the exception of one MTA member, we do not report any significant loss of existing customers to alternative service providers. And while we cannot measure when new residents may enter a service territory and take another carrier's service, there appears to be little of this activity.

Wireless line growth appears to be complementary, and not a substitute for wireline service. MTA members report flat line growth in wireline LEC service this year, as opposed to historic line growth of 0-6 percent. However, we cannot definitively attribute the lower growth rate to substitution. While it is possible that some substitution may be taking place with consumers using wireless or VOIP as their only telecommunications service, it is just as likely that general economic conditions are responsible for the lack of line growth reported.

Western Wireless recently announced results of a survey of 1,000 of its customers in which it purports that 23% of those surveyed "regard a cell [phone] as their primary phone and 15% of those polled plan to eventually replace a land line with cellular." (Casper Star-Tribune, 4/7/03.) What one considers a "primary phone" is highly conditional. Moreover, such a "finding" says little about substitution as opposed to complementary service.

MTA sees little evidence, as noted above, that consumers are replacing landline service with cellular service. However, there is increasing evidence that consumers are taking advantage of wireless calling plans to replace landline *long distance* service with wireless long distance service.³ It appears that consumers prefer the quality and

² The FCC's CMRS Competition Report indicates 94% of the U.S. population lives in counties with access to three or more different mobile operators.

³ This phenomenon is more likely a consequence of regulatory fiat than of economic factors. Wireless carriers are endowed with far broader calling scope attributable to major trading areas than are wireline carriers, whose calling scope is limited to exchange areas.

reliability of landline service for local calls and for Internet service, and that they find long distance pricing more attractive on their wireless phones.⁴

Current Policy Regarding the Designation of Competitive ETCs results in Uneconomic Competition

Under the Commission's current rules and policy, providing universal service support for multiple ETCs in rural high cost areas results in inefficient competition. As noted above, facilities-based competition exists in the form of either (or both) competitive wireline and wireless services. Invariably, these competitive services are deployed prior to or without the provision of universal service support. That is, competition exists without universal service support. As discussed below, the Commission's current policies, particularly with regard to portability of universal service, result in the use of universal service by competitors as a means by which to subsidize competitive investments, rather than a means to promote or advance universal service. Universal service is intended to provide comparable and affordable telecommunications service in rural America, not to subsidize, or in some cases to completely recover total costs associated with competitive investment.

Some of Montana's incumbent LECs have deployed competitive services in non-rural service territories served by Qwest. In some cases where incumbent LECs provide competitive local exchange services, the LECs' CLEC operations have been designated by the State Commission as ETCs. However, it is important to note that competitive services already were deployed, and universal service support was provided subsequent to deployment. (This is important first because it demonstrates that universal service is not the reason carriers sought ETC designation. And second, as discussed below, it demonstrates why MTA opposes FCC policy regarding designating CETCs before they have established a service that can be designated.) Moreover, in these cases, support has been provided, *if at all*, on the basis of forward-looking costs and at a support level substantially less than the CETC's costs. (See How Costs Should be Calculated, below.)

Under the FCC's current rules and policies, CETCs are eligible to receive universal service support at the incumbent's level of support. Where a rural LEC is designated a CETC in a non-rural area, the incumbent's support level is substantially less than the CETC's costs, and far below what the rural high cost support level would be for the incumbent LEC.

However, in cases where a carrier is designated as a CETC in a rural area, the opposite may be true. That is, the level of support provided to the incumbent rural ETC may far exceed the CETC's costs, thereby creating a windfall for the CETC that exceeds the costs of providing services that already have been deployed. Thus, a CETC could use universal service based on the incumbent's higher level of support to recover 100% of its total investment costs. Depending on the CETC's costs and the "margin" it "earns"

⁴ Montana's independent LECs serve over 150 Montana communities with DSL service. Dozens of these communities have populations of 1,000 or fewer residents.

on the receipt of support based on the incumbent's, not its own, costs, the CETC could offer a rate of \$0 to the consumer, courtesy of universal service support, and still make a profit.⁵

Current Policy Regarding "Competitive Neutrality" is Not Competitively Neutral

MTA has no qualms about competitors offering a variety of technologies or services among which customers are free to choose. The issue is not competition or the ability of carriers to offer a variety of service choices to consumers. The matter before the Commission in this proceeding is whether and how the preservation and advancement of universal service is affected by the designation of CETCs.

Competitors are free to compete anytime and anywhere in America's telecommunications markets. And they do. The question is whether current rules are distorting economic signals and resulting in artificial competition. MTA unequivocally asserts the answer is, "Yes."

The Commission's rules generally create an unfair advantage for ETCs with lower costs than the incumbent whose costs are used as the basis for universal service support. If the incumbent is a non-rural ETC, for example, the level of support is likely to be less than the competitive ETC's costs. However, if the incumbent is a rural ETC receiving high cost support, the level of support provided potentially could exceed the CETC's costs of providing such service, resulting in a windfall to the rural CETC. This inequity is caused by the Commission's current policy of providing support based on the incumbent's level of support, with no relation to the CETC's actual cost of providing service.

As noted by the Rural Task Force⁶, costs vary widely even among rural wireline LECs themselves. This disparity of cost structures among telecommunications providers is multiplied when other factors are considered, such as different technology platforms (e.g., Internet-based telephony, wireless, or wireline telephony).

Disparity is a natural consequence of technological and economic evolution. However, different regulatory treatment of similar services is a different matter when applied to current rules involving competitive ETCs. In short, costs may vary greatly among providers not just because of market factors but because of regulatory fiat. When these disparities are applied to the designation of ETCs, the result is unfair and uneconomic competition, at the expense of universal service and the nation's rural consumers whom universal service is intended to benefit.

⁵ MTA notes that without further changes to ETC designation rules as recommended herein, it currently is impossible to determine what some CETC costs are, particularly for wireless carriers, as there are no rules by which such costs are reported and verified.

⁶ See the Rural Task Force's web site at www.wutc.wa.gov/rtf.

For example, wireline LECs are required by federal regulation to offer their consumers equal access to long distance providers. Wireless carriers seeking CETC designation are not required to provide similar offerings to their consumers under the Commission's definition of supported service. Is it competitively neutral when one carrier is required to provide a level of service that another is not required to provide and yet is compensated by universal service support based on the carrier whose regulatory costs are greater?

Incumbent wireline LECs generally offer a different level of service quality than wireless competitors seeking designation as ETCs. For instance, wireline service is generally associated with a higher level of reliability and dependability. Consumers expect and receive a higher level of call throughput, faster call set-up times, higher bandwidth capabilities, etc. Ordinarily, the differences among carriers or services is a normal feature of a competitive market. However, these differences in costs and services are significant when designating ETCs if one set of costs and regulatory requirements is used as the basis for determining support of another CETC which does not face the same, often mandatory, costs or requirements.

Wireline LEC/ETCs also must comply with a variety of additional requirements which either are not imposed or are waived or modified for other carriers seeking ETC designation. For example, wireline ETCs are required to comply with Local Number Portability requirements and E-911 regulations. Incumbent LECs are subject to rules as carriers of last resort, which do not apply to competitive ETCs.⁷ Rural incumbent ETCs also often have loan covenants that require the carriers to provide service to hard-to-reach consumers. Further, incumbent LECs must comply with provisions of the Hearing Aid Compatibility Act. Many of these requirements do not apply, or have been waived in the case of wireless carriers seeking designation as ETCs.

The Commission's rules also allow CETCs to combine facilities and non-facilities based services. Thus, a CETC can receive universal service support for facilities they don't even provide. The Commission's Notice (paragraph 14) indicates that some competitive UNE-based ETCs serving high cost areas may receive support equal to the full price of the UNEs they purchase from the incumbent LEC. This policy effectively results in "double billing" universal service. The facilities-based provider may receive universal service support for the costs of its investment, and the CETC may receive support for the same facilities. Is that competitively neutral?

Competitive neutrality is further compromised by different regulatory treatment of wireless and wireline service. For example, wireless carriers' local service territories encompass major trading areas (MTAs), while local wireline service is subject to exchange areas. These differences result in different cost and revenue equations for wireline and wireless carriers, not because of technology or other economic factors, but because of regulatory disparity.

⁷ However, it is important to note that insufficient attention has been given to Sec. 214(e)(4), in which an ETC may relinquish its designation.

Furthermore, wireless carriers are not subject to state regulatory authority for purposes of market entry and rate-making, while wireline LEC/ETCs are subject to a variety of state regulations, as well as federal regulation.⁸

The result is that not all carriers are created equal in the regulatory environment. These inequalities, however, are disregarded in current policies pertaining to the designation of ETCs. Consequently, current Commission policy toward designation of ETCs is anything but competitively neutral.

Some carriers argue that it is not competitively neutral if they need to comply with the same standards that other ETCs need to comply with. If the same standards were to apply to all carriers, these carriers argue they would not be able to compete, since some standards effectively discriminate against them. However, these carriers already are competing in most markets, according to their own data. The issue is whether they want to compete with the support of universal service. If they do, it is competitively neutral for all ETCs, not all competitors, to face equal standards, burdens, expectations, etc.

Support Should be Calculated According to the Same Rules that Apply to Incumbent ETCs

If a carrier chooses to seek designation as an ETC, it should comply with the same requirements that any other ETC faces. No one is arguing that there should not be competition. And, while the Act contemplates designation of multiple ETCs, the use of universal service in such instances is intended to provide for comparable service at comparable rates.

If a competitor already provides services which it contends are comparable, then how can it justify receiving universal service support? And if a competitor argues it cannot provide comparable services without universal service support, then how can it justify receiving support without justifying its costs on which such support is based?

If a competitor wishes to be designated as an ETC, it should be able and willing to comply with the same rules that apply to the incumbent ETC. This means that a CETC should be able to comply with local number portability requirements. It should offer equal access to its customers. It should comply with the same state regulatory authority which applies to incumbent ETCs.

Further, it should be able and willing to provide sufficient data by which to calculate universal service support based on its own costs. Incumbent LECs comply with a

⁸ The regulatory disparity between wireline and wireless carriers is exacerbated by recent Commission decisions that treat wireless carriers with significant deference. For example, the Commission in December, 2002, granted RFB Cellular a waiver of certain filing requirements, deadlines, and penalties that otherwise would have been imposed on the carrier. Additionally, the Commission is seeking comments on a request by Western Wireless to waive certification obligations that were due in October, 2001.

variety of cost accounting rules. They submit revenue requirements to the National Exchange Carriers Association (NECA) and/or to the Universal Service Administrative Company (USAC). Their costs are strictly defined, reviewed and audited.

None of these requirements applies to CETCs. How is it possible therefore to determine whether the level of universal service support provided to a CETC is related in any way to the provision of universal service?

There is no reason that CETCs should not calculate support based on their own costs and in a manner that enables apples-to-apples cost analysis. That is, the use of UNEs, different calling areas, different regulatory treatment of similar services, etc. should be taken into account in calculating costs and the support associated with such costs. The Notice asks what would be the competitive effects of paying different amounts per-customer or per-line to different ETCs. MTA asserts that this is precisely what should, and already does, take place. Per-line support already varies greatly among ETCs. There is no reason that per-line support should not vary among multiple ETCs serving the same service area.

Again, the purpose of Section 214 is to permit multiple ETCs to receive universal service. And the purpose of universal service is to ensure affordable, comparable telecommunications services. Support, therefore, should be calculated based on the need, if any, of each ETC for such support. Only by determining such need, based on the costs of each individual ETC, can support reasonably be established.

Support today is based on both forward-looking and embedded costs, depending on the situation. Non-rural carriers apply forward-looking costs in determining the level of support, while rural carriers use an embedded cost methodology. It is important to note that rural incumbent LECs have built their networks based on embedded costs. They cannot migrate to a forward looking cost model without accounting for the historic costs which they continue to incur and upon which their cost recovery models are based.

However, as noted above, some incumbent LECs are providing competitive ETC service in non-rural areas of Montana. In these cases, they are complying with forward-looking cost models in such competitive situations. MTA suggests that this approach to cost methodologies could be applied to competitive situations, in which competitive ETCs apply a forward looking model to calculate their costs in competitive ETC situations.

Low-Cost Provider Auctions or Other Options Are Not in the Public Interest

The Notice raises several questions regarding whether support should be based on the lowest-cost provider's costs, or whether it should be "auctioned" to the lowest-cost provider.⁹ MTA strongly opposes any policy that is based on lowest cost provider theory. First, such a policy potentially would violate Section 254. The intent of Section

⁹ MTA notes that in either case, it is essential to determine the ETC's actual costs, whether calculated by using a forward-looking or embedded cost methodology.

254 is to promote and advance universal service in a manner that ensures comparable rates and services. A lowest-cost-provider policy would not necessarily comply with this intent.

Further, a lowest-cost-provider policy could create a race to the bottom in terms of the kinds of services provided or quality offered to consumers. A low cost provider may, or may not, offer comparable services at comparable rates. If support were tied to the lowest cost provider, the higher cost provider would need to alter (i.e., reduce) investment, services, and rates to “meet” the lower cost provider. On the one hand, this is a natural consequence of competitive markets. On the other hand, given the different structural and regulatory treatment of different ETCs, if universal service support were tied to the lowest cost provider’s level of support, it could easily lead to situations in which the higher cost provider would not be able to recover its costs.

In addition to violating the Commission’s principle of competitive neutrality, a lowest-cost-provider policy could result in establishing the lowest cost provider as the only provider in many rural markets. Today’s rural carriers of last resort would be forced to leave the market. MTA does not believe there are any circumstances in which such a scenario would be in the public interest.

In the same vein, MTA does not believe there should be caps or other limits imposed on universal service support. This is not contemplated in Section 254. On the contrary, Section 254 requires support to be “specific, predictable and sufficient.”¹⁰

Any “Primary Line” Policy is Unworkable

The Notice asks several questions (paragraphs 20-24 of the Notice) regarding the viability of a policy that would direct universal service support to “primary lines.” MTA believes the many questions raised in the Notice point to the impossibility of implementing such a policy.

Under current rules, if an incumbent ETC lost “primary line” support to another ETC, the incumbent’s per-line support would increase, as its fixed or embedded costs would be borne by fewer lines.¹¹ The CETC’s support therefore would “automatically” increase, despite the fact that any additional CETC costs would be marginal.¹²

Additionally, incumbents’ networks have been built on the premise that all customers should be served. Network investment is based on calculating the cost of reaching these customers. Reaching the same customer with a “secondary” line requires only

¹⁰ 47 U.S.C. 254(b)(5). *There should be specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service.*

¹¹ See Paragraph 17 of this Notice, LEC line “loss” reference to Rural Task Force.

¹² This would not be the case if MTA’s and others’ recommendations were adopted to require all ETCs to base support on their own costs. While the incumbent’s per-line support may increase as a result of line loss to a CETC, the CETC’s support would not “automatically” go up.

marginal additional investment after the “primary” line is deployed. Any “benefit” from limiting support to primary lines only would be marginal at best.

Most importantly, however, MTA believes that it would be impossible to implement and enforce such a “primary line” policy. First, the determination of what line qualifies as “primary” would be highly subjective and controvertible. Who would authorize the designation of what line as “primary?” What if a person selects “ETC A’s” line as primary, and a spouse later (or simultaneously) selects “ETC B’s” line as the primary line to the same residence? And even if there is a solution to that question (which MTA cannot find), then there is the problem of trying to associate, disassociate, or re-associate universal service support to lines that continually change from primary to secondary.

The analogy here is to the competitive long distance market. If consumers continually switch from one “primary line” to another, what regulatory burden would be imposed? Or, if consumers were precluded from switching “primary” lines “too often,” wouldn’t such a prohibition be anticompetitive?

There are numerous other examples that illustrate the difficulty of administering a “primary line” policy. What if three college students share apartment, with each student having his or her own “line.” Which one is supported? Should there be three supported lines in one residence? Or, what if a new housing development has both ILEC and CETC facilities available. Which receives support?

In short, MTA finds such a policy would be subject to abuse. Neither consumers nor carriers would benefit. It is conceivable that with such a policy, unscrupulous competitors would be tempted to engage in the kinds of marketing behavior seen today in the slamming and cramming practices that no one likes.

Section 214(e)(6) Should be Narrowly Focused

The Notice asks how to resolve requests for ETC designations under Secs. 214(e)(2) and 214(e)(6). MTA believes that circumstances under which Section 214(e)(6) applies are extremely limited. Only where a State commission specifically lacks authority to designate an ETC do the provisions of Sec. 214(e)(6) apply. This section was added as an amendment to the Telecommunications Act in 1997 (the only amendment since 1996 to have been enacted) because certain existing Tribal-owned/regulated telcos specifically fell outside of the scope of Sec. 214(e)(2).

MTA does not believe the McCain amendment (Sec. 214(e)(6)) was intended to provide an avenue for the FCC to establish a national policy affecting State designation of ETCs.

In fact, MTA believes that Commission policy with regard to supported services, in combination with its ETC designation policies to date, have been tilted in favor of promoting competition, not universal service. For example, MTA does not believe it is in

the public interest, nor is it the purpose of either Section 214 or 254 to set a level of “comparability” so low that telecommunications service provided to America’s consumers diminishes. By creating a threshold designed to promote competition the FCC has conferred a competitive advantage on carriers who may be able to establish a lower cost structure than an incumbent by providing only the absolute minimum level of service needed to get by. The incumbent, having built a network based on an entirely different philosophy aimed at providing high quality, reliable telecommunications services for consumers, will suddenly find that having a network that exceeds bargain-basement standards is a liability, instead of an asset. Meanwhile, under current rules, the competitor, meeting only minimum standards, will be doubly rewarded: once for not building a more expensive network, and again for inheriting support based on the more expensive network’s costs.

Section 254 contemplates an “evolving level of service” for universal service. It is hard to believe that Congress considered that the level of universal service would devolve into the least possible level of service, rather than evolving into a steadily growing level of quality, dependability, bandwidth, and other consumer-driven benefits.

MTA opposes the FCC’s policy of allowing the designation of ETCs based on what an applicant for such designation says what it will provide. Any investigation into what and how a potential ETC plans to provide universal service is rendered meaningless if the applicant simply needs to say that it intends to provide universal service some time in the future. Congress gave state commissions authority to designate ETCs. The designation process should be more than a rubber stamp of an applicant’s assertions that it plans to provide services that may or may not meet the public interest. But in order to be more than just a rubber stamp, a commission needs to know about the services that are being offered, and the effect such services are having on the market.

Further, given the nature of the Sec. 214(e)(6) exemption as a narrowly defined exception to state authority for designating ETCs, MTA believes the FCC should consult closely with state commissions in any proceeding in which the FCC is considering the designation of an ETC.

Finally, with regard to the effect of the 5th Circuit decision regarding the Commission’s ability to prohibit states from imposing additional eligibility criteria, MTA opposes any effort to restrict state’s ability to determine appropriate eligibility criteria. For the reasons noted above, the Commission’s authority with regard to designation of ETCs is very narrowly confined.

ETC Designation Must be Accompanied with a Verifiable Certification Process

The Notice (paragraphs 3 and 4) states that CETCs accounted for 1.8% of the total high cost fund in the Third Quarter of 2002, and 0.4% in the First Quarter of 2001. This rate of growth is likely to continue, particularly if current portability rules remain in place and continue to act as an incentive for carriers to seek universal service support.

It is essential that the Commission's portability rules are changed to eliminate the windfall incentive inherent in current policy.

Further, it is essential that all ETCs certify in a verifiable manner that they use the universal service support they receive only for the purposes for which such support is intended. Today's certification rules are wholly inadequate for such verification.¹³

For example, it is reported that a wireless CETC in Washington has claimed support for more lines than the incumbent LEC in whose service territory the CETC is eligible for support. The problem here lies in the Commission's rules regarding wireless "loops." Instead of lines or loops, Commission rules allow wireless carriers to claim mailing addresses as the "equivalent" of loops. Not only is this policy not competitively neutral, but it leads to the potential for abuse, where a wireless CETC can claim multiple "lines" per mailing address. Additionally, a wireless CETC could create mailing addresses in an area where it has CETC designation for customers outside of the ETC area.

In another example, the South Dakota Telephone Association has asked the Universal Service Administrative Company (USAC) to "investigate and correct the patently erroneous and excessive 30,018 'working loops'" reported by Western Wireless for service on the Pine Ridge Reservation. Western Wireless claims 30,108 lines for purposes of collecting universal service support, while the total population of the Reservation, according to U.S. Census data, is 14,068, and the number of housing units (a more accurate measure of actual working loops) is 3,922.

MTA also finds problematic the Commission's current policy on certification for rural ETCs. The Commission's rules require ETCs to certify how support "will" be spent. (Ninth and Fourteenth Orders in CC Docket No. 96-45, *In the Matter of Federal-State Joint Board on Universal Service*. November, 1999 and May, 2001, respectively.) This policy began as a prospective requirement in the 9th Order, applying only to non-rural companies. Since non-rural companies calculate their costs on forward-looking projections, this policy was logical. However, in the 14th Order, applying to rural telcos, the prospective calculation was retained, even though rural telcos submit revenue requirements first, and receive support based on such historic cost data two years later. Therefore, it is impossible for rural ETCs to certify how they "will" spend universal service support, since the support they receive is based on expenses already incurred.

MTA recommends that the Commission modify its certification rules as they apply to rural ETCs. Rural ETCs should be required to certify that they have spent appropriately the support they receive in any given year. For carriers that base their support on forward-looking cost projections, current prospective certification is appropriate, given increased verification and enforcement requirements recommended by MTA.

¹³ Even with the lenient certification policy currently in place, it's worth noting that Western Wireless finds it necessary to seek a waiver of an October 2001 certification requirement on its Pine Ridge Reservation ETC designation.

Another concern with the Commission's current certification rules is that they permit wireless ETCs to use a "mailing address" as substitute for "residence," or "loop." (See Paragraph 18 of the Notice, regarding location of wireless lines.) This rule permits the kinds of potential abuses cited above, where a wireless carrier may claim more "lines" for purposes of universal service support than the incumbent claims, or in the case of the Pine Ridge example, more supported lines than there are residents.

MTA suggests that the Commission adopt a rule similar to language contained in the streamlined state sales tax model legislation that many states in the United States have adopted for tax purposes. This language defines "'Place of primary use' as the street address for the premises where the customer's use of the mobile telecommunications services primarily occurs." With regard to mobile telecommunications services a "service address" means the location of the customer's place of primary use. Moreover, there should be strict means by which to verify wireless locations/addresses provided. MTA recommends at a minimum, there should be certification requirements that location/addresses are independently confirmed in random test of minimum signal strength at any given address, to verify actual coverage with statistically significant results.

MTA Recommendations:

Portability should be based on each ETC's costs. Per-line support already varies widely among individual ETCs. Support is based on the principles of Section 254 to promote and advance universal service, not competition.

A competitive ETC must be able to provide verifiable accounting of its costs. A competitive ETC should calculate its costs on a forward-looking basis. Some carriers argue that this could impose significant new regulatory authority over them. That's right. If a carrier seeks designation as an ETC, it must comply with the same rules that apply to any other ETC. Otherwise, competitive neutrality is not achieved.

A competitive ETC must be able to comply with the same rules and regulations that apply to any other ETC. Otherwise, competitive neutrality is not achieved. Again, no one is forcing a carrier to seek ETC designation. Only if a carrier wishes to become an ETC would it be subject to the same rules and regulations that any other ETC must comply with.

There must be a meaningful, verifiable certification process that ensures that all ETCs are in fact using universal service support only for the purposes for which it is intended, and only in the areas for which ETC designation is granted. Certification must include authentication of costs associated with providing supported services. Verification must include independent authentication of actual subscribership. In this regard, the Commission's current policy regarding wireless mailing addresses is insufficient. Certification must include verification of actual customers using service within a designated service area.

There should be significant enforcement provisions that ensure that ETC designation is revoked if ETCs do not properly certify that they are using support for the purposes for which it is intended.

Respectfully submitted,

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